

Office of
 Personnel Management

Washington, D.C. 20415

In Reply Refer To

June 1, 1979

Your Reference:

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

DD/A Registry
 File Legal

Subject: Federal Compensation Reform Legislation

Early in June, the President plans to send to Congress legislation which will substantially improve the Federal pay system. The legislation preserves the comparability principle for determining Federal pay, but attempts to improve its accuracy by making several major changes in it.

Like civil service reform, compensation reform is of importance to all departments and agencies. We hope, therefore, that you will provide the kind of support for it that you did for civil service reform.

The principal features of the legislation are:

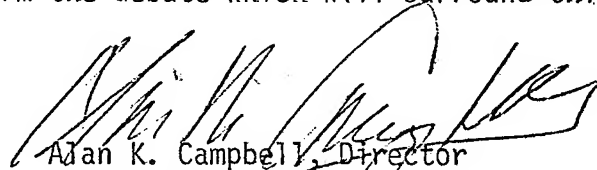
- Including both pay and benefits, rather than pay alone, in comparing Federal and non-Federal compensation (Total Compensation Comparability).
- Including State and local government pay and benefits, along with those of private industry, in the data on which Federal compensation scales are based.
- Placing most of the white-collar General Schedule work force under a locality pay system.
- Changing certain statutory features of the Federal Wage System for blue-collar employees to provide closer comparability with local prevailing rates.
- Changing Federal premium pay laws to make them more consistent with the Fair Labor Standards Act and non-Federal practices.
- Establishing flexibility in various Federal pay systems to allow the Executive branch to recruit and manage a quality work force.

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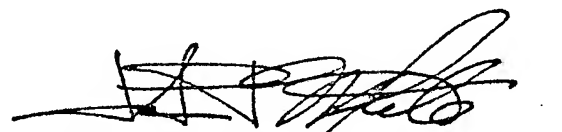
Materials describing the proposals in greater detail are enclosed. We hope you will have time to become acquainted with the basic provisions of the legislation, since it is likely that you will be asked questions, in one forum or another, about them.

We have already informed Assistant Secretaries for Administration and Directors of Personnel about plans to transmit the legislation, and will conduct in-depth briefings for them during the first week in June. We hope that your Assistant Secretary for Administration may serve as the contact person in your agency during the legislative effort.

We are also preparing materials to explain the proposals to Federal employees, and will be asking your help in getting that information to them. We would be pleased to have any suggestions you have for other actions we might undertake to inform the debate which will surround this issue.



Alan K. Campbell, Director
Office of Personnel Management



John P. White, Deputy Director
Office of Management and Budget

Enclosures

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